FBIS DAILY REPORT

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ECONOMY MINISTER DENIES RUMORS OF DEVALUATION

PY052235 Buenos Aires BUENOS AIRES HERALD in English 5 Jan 83 p 7

[Text] (NA-DYN) -- The government officially denied rumours of a major devaluation of the peso yesterday, and Economy Minister Jorge Wehbe said that press speculation about a currency devaluation over the weekend was "regrettable."

Wehbe, speaking with President Reynaldo Bignone yesterday morning and in a newspaper interview published yesterday, emphasized that the government will continue devaluing the currency gradually, according to a "crawling peg" system it has been using for the past six months.

"It is regrettable that, even after a statement was published, these rumours were fueled," Wehbe said in a statement issued in Government House after his meeting with the president.

The economy minister blamed "speculators" for the rumours about a planned 20 percent devaluation of the dollar [as published], which caused confusion in money markets on Monday and pushed the black market dollar value to over 70,000 pesos.

In an interview with the Mar del Plata daily EL ATLANTICO, Wehbe also said that the black market for dollars "is a clandestine market, and I cannot busy myself with delinquents."

He also said that when the future constitutional government takes office, it is likely to face an outstanding foreign debt of between 40 and 42 billion dollars.

Asked about the announced plan to establish unemployment benefits, Wehbe said that he does not oppose the idea, but "we will see about its implementation." He also denied reports of serious disagreements between himself and fellow cabinet members Labour Minister Hector Villaveiran and Social Action Minister Adolfo Navajas Artaza over the unemployment subsidy issue.

"There are certain things that must be studied carefully and cannot be rushed," Wehbe said in the interview.

CHIEF OF STAFF REAFFIRMS RIGHTS TO ANTARCTIC

PY052139 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1755 GMT 5 Jan 83

[Text] Buenos Aires, 5 Jan (NA) -- Rear Adm Carlos Busser, chief of the Joint Staff, today reaffirmed Argentine rights in the Antarctic and warned against the dangers of foreign desires in that region which "tarnish and compromise the future of the Argentine Antarctic sector."

Busser spoke this morning at a ceremony marking the departure of the ships Bahia Paraiso and Admiral Irizar opening the summer Antarctic campaign this year.

The rear admiral stated that the national interests in the Antarctic sector are based "on the historic and legal basis of geographic continuity and effective and continuous occupation, and also on the development of activities that facilitate life in the occupied zone."

"It is a part of the fatherland upon which Argentina reaffirms its sovereign interests every year," Busser stated.

He added that "the international situation, which from the political standpoint presents the Antarctic continent as an area of overlapping claims of territorial jurisdiction by countries that participate in Antarctic activities, together with the future possibility of extracting natural resources that could solve world population problems, tarnish and compromise the future of the Argentine Antarctic sector."

VIABILITY OF FLIGHTS TO USSR PLACED IN DOUBT

PY051711 Buenos Aires LA NACION in Spanish 4 Jan 83 p 6

[Editorial: "Flights to the USSR"]

[Text] According to recent announcements, during the first months of next year [as published] it will be possible to travel to the Soviet Union on direct Aerolineas Argentinas or Aeroflot flights without transferring en route. In effect, an agreement that has been signed by the two countries provides for an extension of the flights that our country's carrier currently makes to central Europe and of the flights that the Soviet airline makes to Lima, Peru.

The decision cannot be questioned, because it is a reasonable national goal to establish adequate links with all the countries in the world and to ensure the presence of Argentine planes on as many routes as possible. Thus, our citizens are undoubtedly being given the opportunity to easily reach a remote, and for us, unfrequented spot in the world.

Moreover, it is a question of a route that has not been previously exploited because the lack of flights has not made it attractive. Despite significant improvement in Argentine-Soviet trade relations during the past few years, a fact that has made the USSR our best client, a similar expansion has not occurred in the flow of travellers between the two nations, whether for business reasons or tourism. The periodic arrival of artistic groups or of similar Argentine groups in the Soviet Union does not justify the existence of two carriers making regular flight.

Once the opportunity for a more direct trip is established, there is a belief that tourism will be given some stimulus.

However, it is known that it is not very easy to get into the USSR, nor is it easy for its residents to get out, or rather it is almost impossible to get out. Therefore, many things will have to be changed before thinking that flows of tourists will contribute to effective commerical interests.

Therefore, the decision to open these routes certainly responds more to political purposes -- maybe an aeronautical or air transportation policy -- that are not clear and which have not yet been publicly explained, than to economic exploitation.

The fact is that we will have new routes abroad, new opportunities for travelling, for Aerolineas Argentinas will very probably add another cause to its deficit, a cause that it has assumed for reasons that are foreign to its essential business objective.

MORATORIUM COULD BE DECLARED ON EXTERNAL DEBT

FY051520 Sao Paulo FOLHA DE SAO PAULO in Portuguese 31 Dec 82 p 1

[Excerpt] An authority from the monetary sector, Jose Carlos Madeira Serrano -- director of the Central Bank's external section -- admitted yesterday, and for the first time publicly, that Brazil is running the risk of declaring a moratorium on its external debt. "If the structure of the program that we submitted on 20 December to the international financial community is not set up by 1 March, Brazil will then be in a state of insolvency and if that occurs, then there will be no other way out than a moratorium," Serrano admitted in Rio de Janeiro. He stressed that this warning is contained in a telex that he has sent to 686 international banks in which the Brazilian Government reports that the $446 million due in January will not be paid, but will be deposited in the Central Bank instead.

FIGUEIREDO ON 'WAR ECONOMY,' OPPOSITION PARTIES

FY052038 Rio de Janeiro O GLOBO in Portuguese 4 Jan 83 p 3

[Text] Brasilia (O GLOBO) -- President Joao Figueiredo has said that "we now have here the war economy" that he announced 2 years ago and that "many people thought funny and others believed an exaggeration."

The president made this statement during a breakfast interview granted to the "Good Morning, Brazil" program broadcast for the first time yesterday on the GLOBO television network.

The reporter mentioned the pessimism with which Brazilians view 1983 and asked President Figueiredo what the government planned to do to neutralize this situation, since people would rather skip 1983 if it were possible.

The president said: Unfortunately, it will be impossible to skip 1983. We have experienced a 3-year drought; we have experienced two oil crises; we have experienced 2 years in which interest rates were over 18 percent. The prospects are not good and everybody is anxious. But interest rates have already dropped. For more than a year there has been no increase in oil prices; our oil production has practically doubled in the last 3 years. No one realizes what our situation would be today if national oil production were 160,000 barrels per day as it was when this government assumed power. Moreover, no one remembers that oil prices were already high then in comparison to previous prices: $12 per barrel. Oil prices reached $34; but the price is $32 or $30 depending on the kind of oil. No one remembers this. But I believe that we will be able to solve our problems. We have a lot of unproductive land. But then there is the same old story: There are people who go into agriculture but agriculture is dependent on many things that may cause a fluctuation in prices. One of them is transportation, which in turn depends on oil; another is basic materials, which are very expensive. There are some basic materials that have undergone a 700-percent increase in 2 years.

The reporter noted that there are critics of the economic policy who say the government is responsible for what they call poor handling of difficult situations. He asked Figueiredo what he thought in this regard.

The president said: This is a very interesting question since now these critics are going to share the responsibility of managing the nation. I am looking foward to see what they come up with. If they fail to succeed -- and we all hope they will be able to succeed -- the only alternative they will have is to say that the government is not providing the necessary resources.

The reporter asked: Won't that be the case anyway?

The president answered: No, it will not, because the government will grant the resources available in keeping with the Constitution. However, the government cannot give resources that it does not have. But when they receive the resources, they will claim that they still need more in order to manage the country properly.

Regarding demands that he will make on governors, President Figueiredo said:

I will be hard on them but I believe that they will not resign themselves to the situation. They will claim that their mismanagement is not incompetence, which I am sure it will not be. But to justify themselves they will claim that the government is not supplying them with the necessary resources.

The reporter asked the president abut the kind of negotiations that the government will carry out within Congress.

The president answered: Negotiations have always been carried out. What happened was in some cases the opposition parties refused to negotiate and left the issue completely in the hands of the government. They refused to negotiate because they lacked the power to have any influence in the final decision. Now they know they have enough power to influence. Therefore, they will want to negotiate.

Regarding the dispute between the opposition and the government in the effort to win over the 13 votes of the PTB [Brazilian Labor Party] in the Chamber of Deputies, Joao Figueiredo said:

It does not make any difference. I will submit projects -- those which I think are best -- and Congress will study them and decide whether to approve them or not. I have no preference for one party or the other. It is obvious that if I gain the majority it will be easier for me. However, this does not mean that a majority is indispensable.

STATE OF EMERGENCY DECLARED IN PARANA STATE

PY052342 Brasilia Domestic Service in Portuguese 2200 GMT 5 Jan 83

[Excerpts] The situation is also critical in Parana State, where a state of emergency was declared today in 10 districts which were seriously affected by the flooding of the Parana River. So far, 2,500 people have been left homeless there.

PINOCHET APPEALS FOR CITIZEN RESPONSIBILITY

PY051748 Santiago Domestic Service in Spanish 1630 GMT 5 Jan 83

[Text] President Pinochet presided over ceremonies commemorating the 100th anniversary of the city of Villarrica. From Villarrica, 9th region, here is a report by (Graciela Contreras).

[Begin relay] President Pinochet reasserted today that the private sector must not avoid its responsibilities and that it must assume the risks of economic freedoms. President Pinochet said this in a message he delivered in Villarrica during ceremonies commemorating the 100th anniversary of the city, which was founded in 1883.

In his speech, Pinochet appealed to the people to confront the present difficulties in a responsible manner and to pay no attention to peddlers of illusions and unsuccessful politicians. The president noted: [Begin Pinochet recording] It is necessary to note that the people cannot live on illusions. The government [words indistinct] so that all Chileans will be able to pay those debts that some contracted a year or so ago. Moreover, the government [words indistinct] shall not allow the perpetuation of this situation. [end recording]

The president noted that the reproachable attitude of some will not prosper since the morals of the majority of Chileans will not allow them to follow the bad example of those who are vainly trying to mix their selfish political interests with the destiny of the fatherland.

In his appeal to all Chileans from Villarrica Pinochet called on all citizens to confront present difficulties in a responsible manner. He added that by assuming this attitude and under the leadership of the present government, which only seeks the well-being of the nation, we shall be able to overcome these temporary difficulties and continue on the path of peace and progress that all Chilean citizens deserve.

At the end of the civic ceremony held at the Villarrica plaza, Pinochet met with Villarrica representatives. This is all from Villarrica for Radio Nacional de Chile. [end relay]

ISRAELI GOVERNMENT OFFICIAL VISITING SANTIAGO

PY051429 Santiago Domestic Service in Spanish 1000 GMT 5 Jan 83

[Text] The general director of the Latin American Department of the Israeli Foreign Ministry, who is visiting Chile, said that Israel is very interested in increasing trade and cultural, technological and artistic exchanges with Chile. Menahem Karmi said that the Israeli Government wishes to strengthen relations with Chile at all levels. Moreover, he said that the date of the next meeting of the joint Chilean-Israeli commission will be determined in April or May. Projects that will be of great benefit for the two nations will be studied during this meeting to be held in Santiago.

FOREIGN MINISTRY EXACTS CULTURAL ACCORD WITH PRC

PY052008 Santiago Diplomatic Information Service in Spanish 2350 GMT 3 Jan 83

[Text] The Chilean Foreign Ministry has enacted a cultural exchange agreement with the PRC Government for 1983-84. The agreement envisions the visit of a Chilean Government cultural delegation to the PRC and the visit of a PRC artistic group to give performances in Chile. Painting exhibitions and the exchange of artistic groups and sports teams are also planned.

COMMANDER OF NATIONAL FLEET INSTALLED

PY051420 Santiago Diplomatic Information Service in Spanish 2258 GMT 4 Jan 83

[Text] Vice Adm Rolando Garcia le Blanc has been installed as commander in chief of the national fleet. The ceremony took place on board the flagship, the cruiser O'Higgins.

WHEAT GROWERS LEADER'S APPEAL TO RETURN FAILS

PY051715 Buenos Aires LATIN in Spanish 1850 GMT 31 Dec 82

[Text] Santiago, Chile, 31 Dec (LATIN-REUTER) -- Defense sources stated today that the court of appeals has rejected an appeal submitted by a leader of the wheat growers, Carlos Podlech, who was expelled from the country at the beginning of the month. He was accused of trying to hold a union meeting that had not been authorized.

Meanwhile, the military attorney in the city of Temuco, Alfonso Podlech -- a brother of the banned president of the National Association of Wheat Growers -- has submitted his resignation. He confirmed this fact in statements to the press.

The resignation has not yet been processed, but attorney Podlech has said that he intends to assume the defense of his brother, who was arrested in Temuco, located 670 km south of Santiago, when leaders from the farming and other sectors tried to hold a meeting to study the critical economic situation of the sector.

Carlos Podlech, who is currently in the Argentine city of San Carlos de Bariloche, Neuquen Province, close to the border with Chile, told the morning daily EL MERCURIO during a telephone conversation that he regrets the adverse decision handed down by the court of appeals in Santiago.

I find the decision regrettable, not only because it affects me, but also because an injustice continues to be carried out against a person who has committed no crime, the leader, who supports the government, said.

BELAUNDE SPEAKS AT ARMED FORCES COMMAND CEREMONY

PY060039 Paris AFP in Spanish 2341 GMT 4 Jan 83

[Text] Lima, 4 Jan (AFP) -- Speaking at a ceremony installing the new Armed Forces Joint Command President Fernando Belaunde said today that the mission of the armed forces is to pacify the Andean region stricken by terrorism.

In turn, Gen Carlos Arnaldo Briceno, who was appointed chief of the Joint Command, asked the citizenry to cooperate in the antisubversive struggle until those unbalanced people who resort to irrational violence are eliminated.

President Belaunde said that the Joint Command is fully prepared to fulfill its mission at this time and that the armed forces' actions in Ayacucho are neither [words indistinct], punitive nor threatening. Their mission is to give guarantees to the nation and above all to the great majority of peaceful citizens whose activities have been threatened by terrorist actions and crimes which have cast many familes into mourning, the president said.

For his part, General Briceno said that by joining efforts, civilians and military men "will restore internal order and will preserve our independence, sovereignty and territorial integrity." The military chief then asked all Peruvians to cooperate in order to facilitate the action of the military, particularly in the antisubversive struggle, until the socially unbalanced people who resort to irrational violence against the people and the democratic system are eliminated.

The Joint Command is made up by General Briceno, who was appointed army commander in chief last week, and by Vice Adm Ricardo Zevallos and Maj Gen Jose Slatar, the newly appointed navy and air force commanders in chief respectively.

CITIZENRY REQUESTED TO REJECT TERRORISTS' VIOLENCE

PY060028 Paris AFP in Spanish 2009 GMT 5 Jan 83

[Text] Lima, 5 Jan (AFP) -- The Ayacucho military command has asked the Peruvian citizenry to reject the violence unleashed by the members of the terrorist group Shining Path, which the Armed Forces Joint Staff has promised to wipe out.

In the meantime it was learned that the armed forces, which were mobilized against the extremist group 8 days ago, arrested 50 suspects during a house-to-house search it carried out. Another 80 persons were arrested at the beginning of this week.

The command established in the emergency zone has requested the citizenry to firmly and courageously reject the acts of violence unleashed by those individuals who are against social, economic and political stability. The command explained that what is sought is the prevention of destruction, theft, plunder and extortion which hinder the normal development of the socioeconomic life of the towns.

Regarding the arrests, it was stated that they were carried out in Acosvinchos and Vischongas in surprise house-to-house searches during which it was noted that most of the young people had fled.

It was also stated that the members of the Shining Path group have Chinese-made rifles with a curved cartridge clip that holds 30 bullets and is more powerful than the arms used by the police force.

It was also disclosed that Enrique Diaz and Norote Best are Abimael Guzman's deputies. The two deputies of the Shining Path group leader were allegedly in the PRC during the 70's.

It was also disclosed that the extremists have tacked new hit lists of those sentenced to death charged with [word indistinct] and being government informers to the doors of the public offices in Cangallo, Ayacucho Department.

PRESIDENT DEDICATES NEW ARMY MUNITIONS FACTORY

PY052123 Lima EL COMERCIO in Spanish 29 Dec 82 p 1

[Excerpts] Yesterday, while inaugurating the Army Shell Casing Factory (FABLE) -- which will allow Peru to become self-sufficient in manufacturing munitions -- President Fernando Belaunde Terry stated that Peru "has taken a great step toward achieving its complete independence in an aspect of vital importance for the national defense." During the dedication of this new industrial complex the chief of state also pointed out the importance of the event which contributes to national defense along with achievements in other fields, such as the construction of warships by the navy and the assembling of aircraft by the air force in the near future.

The president made these statements during the inauguration of the new factory located in Huachipa. The factory is subordinate to the Military Industries of Peru (Indumil-Peru). He also pointed out the importance of this new factory as a technical-industrial achievement.

In his speech, War Minister Gen Luis Cisneros Vizquerra stated that it was the tangible result of efforts made by Indumil, the Economy Ministry, the army and the private sector. Cisneros also stressed the importance of the aid granted by the Italian Government in constructing the plant.

At the end of the inauguration ceremony the president and his entourage visited the factory, showing their interest in the production of brass sheets used to manufacture casings for bullets of various calibers employed by the armed forces and the police in normal service and for training purposes.

DE LA ESPRIELLA TO VISIT VENEZUELA IN JANUARY

PA051503 Madrid EFE in Spanish 2201 GMT 4 Jan 83

[Text] Caracas, 4 Jan (EFE) -- VENPRES, the Venezuelan state news agency, announced today that Panamanian President Ricardo de la Espriella will visit Venezuela during the second half of January. The Venezuelan Foreign Ministry has not officially confirmed the visit, but it is probable that the Panamanian leader will be in Caracas between 16 and 18 January. Venezuela and Panama maintain very good diplomatic relations and it is believed that De la Espriella's visit is for the purpose of strengthening bilateral economic cooperation.

AMADO TO LEAD DELEGATION TO NICARAGUA

PA051838 Havana International Service in Spanish 0000 GMT 5 Jan 83

[Text] Panamanian Foreign Minister Juan Jose Amado will lead Panama's delegation to the nonaligned foreign ministers meeting Monday in Managua, according to the Panamanian daily CRITICA. The paper notes that the decision to send a high-level delegation to the Managua meeting reflects the importance of the [illegible] in American issues to be discussed at the session, including Panama's sovereignty over the canal, which is strongly supported by the Nonaligned Movement.

EGYPT'S BUTRUS GHALI TO ARRIVE 15 JANUARY

PA050542 Panama City Circuito RPC Television in Spanish 2300 GMT 4 Jan 83

[Text] The Egyptian Embassy in Panama announced late this afternoon that Butrus Ghali, Egyptian minister of state for foreign affairs, will arrive in Panama on Saturday, 15 January, for a 24-hour visit. He will meet with Panamanian officials and hold a news conference.

ARIAS CALDERON ON AREA ISSUES, PAREDES' CANDIDACY

PA051235 Panama City ACAN in Spanish 1850 GMT 4 Jan 83

[By Antonio Martinez]

[Excerpts] Panama City, 4 Jan (ACAN-EFE) -- Ricardo Arias Calderon, president of the Christian Democratic Organization of America (ODCA), feels that a war in Central America is both improbable and absurd, though he noted that the idea cannot be completely rejected. He states that the solution to the region's conflicts lies in a simultaneous struggle for peace and democracy.

In an interview with ACAN-EFE, Arias Calderon, who is also the president of Panama's Christian Democratic Party, said that the conflict in El Salvador will continue as long as the guerrillas continue to receive support from abroad. In terms of Guatemala, he noted that he is worried about "some kind of political-religious merger," while in Panama he sees Gen Ruben Dario Paredes' presidential candidacy as an obstacle to democratization. He said that the most recent military changes in Panama mean, initially, that Paredes, the commander of the National Guard, "wants to remain in that post until exactly the right time for formally launching his presidential candidacy for the 1984 elections.

"To me," he added, "this is a sign of political weakness on his part. In other words, he is aware that without the power and the resources that he derives from the National Guard command, his candidacy would vanish like foam in a wave, and a very small wave at that.

"And yet, Paredes has demonstrated his willingness to use the power and the resources he derives from the National Guard command to become a candidate, no matter what the cost."

According to Arias Calderon, there are mixed feelings in the National Guard about the promises of democratization and Paredes' candidacy is "the cause of the negative side of this ambivalence. There are individuals in the National Guard who are afraid of this democratization. They are afraid of losing power. They are afraid of the responsibilities that they might have to accept if they lose power...There is, on this negative side, the desire to hold on to power in a different way, to avoid really surrendering it to the people's will," the Christian Democratic leader added.

He stressed that Pardees is already involved in an electoral campaign throughout the country and that he is "increasingly turning to traditional political figures whose backgrounds are very clear and who do not really inspire much trust...They are figures out of Panama's political past, who were once accused of political violence and of buying votes."

Arias Calderon also noted that the Panamanian people reject the current regime because of its corruption, "which has reached a level that we cannot tolerate."

SOSA, AROSEMENA ON CONSTITUTIONAL REFORM

PA051904 Panama City Circuito RPC Television in Spanish 0300 GMT 4 Jan 83

[The "Special Edition" program hosted by Mayin Correa, with guests Roberto Arosemena, secretary general of Panama's Popular Nationalist Party, and Jose Antonio Sosa of the Christian Democratic Party, both members of Panama's Constitutional Reform Commission -- live]

[Excerpts] [Correa] Let me introduce my guests, the first to appear on my program, which henceforth can be seen every Monday night at 2200. I am glad that you accepted the invitation to appear on this program. My guests are Dr Arosemena, a member of the commission that is reviewing the Constitution, who is representing his party, the Popular Nationalist Party [PNP] on the commission; and Jose Antonio Sosa, who is also a member of the commission, representing the Christian Democratic Party (PDC). Of the 16 commission members invited, they were the only ones who agreed to come and talk with the Panamanian people and let us know what the commission is doing.

[Arosemena] The commission's internal regulations forbid us to speak officially on behalf of the commission. Thus, we are here to express our own personal views.

[Correa] Aren't you representing your party?

[Arosemena] Yes, I am representing the PNP. What I am trying to say is that only Jorge Fabrega, the commission president, can speak officially on behalf of the commission. By the way, the commission began its work on 1 December 1982. We have a historic duty to carry out for the citizens and the Panamanian people. I would say that this is the year of democratization in Panama. The commission is both dynamic and flexible. So far, we have established a working program that we expect to complete by 15 January which involves consultations among the commission members in which every member can submit ideas, projects or constitutional drafts that they think should be discussed. The commission has also formally invited civic, professional and workers organizations to submit suggestions.

The second phase of the program is expected to begin by 15 January. This will consist of direct consultations with the country's various organizations.

We hope that by the end of February and the beginning of March, the commission can begin to approve the final drafts, which will be submitted to the executive branch on 31 March 1983 at the latest. Our duty is to submit whatever accord the commission has reached to the president of the republic and to the executive branch, so that it can then be subjected to popular consultations.

[Correa] Excuse me, you are saying popular consultations, but if I'm not mistaken I thought I heard General Paredes say in Santiago that the issue would be decided by a referendum.

[Arosemena] The commission will submit the final drafts to the executive branch; they will then be submitted to the people for popular consultation. The method that will be used in consulting the people has not yet been discussed.

[Correa] Who is going to discuss and decide on this, the commission?

[Arosemena] The commission will suggest -- at least I personally, on behalf of my party, will insist that the commission suggest -- what should be done. If the groups represented on the commission can agree on a single draft to be submitted to the executive branch, then the popular consultations will deal with that single draft. We can think of it in general terms as a referendum. However, we interpret referendum as they did in Ecuador, when two or more alternatives were submitted to the people. It is our opinion that if we do not reach a consensus, which is our objective, we will then demand a referendum, so that the Panamanian people, who are sovereign when it comes to the Constitution, can have the final say.

[Correa] In a referendum you have two alternatives, is that right?

[Arosemena] Yes, in a referendum you have two choices, while in a plebiscite you have only one.

[Correa] In other words, the parties that you are representing will fight for two choices, should the commission fail to reach a consensus?

[Sosa] Mayin, we are fighting for the country's democratization. If to achieve this the people must vote and decide on either one or two alternatives, then that is what the commission will have to submit for the people's consideration. Nevertheless, our objective -- and forgive me for insisting on this -- is not just to come up with several alternatives, but to secure the country's democratization .

[Correa] Why was my invitation only accepted by two of you?

[Sosa] I don't know why the other members of the commission did not accept the invitation. They must have their reasons and I respect that. As for the PDC, however, I think our position is well known, because from the beginning of the democratic opening that was the immediate result of the 1977 treaties, we have clearly stated what changes we expect in our country's institutions. We have said that the Constitution provides rules for the country's institutions and citizens. The demands that we have been making, demands of which the people are fully aware, are those that we are now submitting to the commission.

You have referred to a specific document. Indeed, some members have already submitted specific documents to the commission to be discussed. Now the way in which a document submitted for study by the commission is drafted is often not as important as the substance of that document; that is, the basic principles and positions set forth in that document. With regard to the legislative branch, the PDC has already submitted a document for the commission's consideration.

The document seeks to again empower the people to choose their legislators. In that document we are basically asking that the people be allowed to choose their legislators directly and in direct proportion to the population. We are also asking that all existing national parties be entitled to participate in the National Legislature. There are a number of additional regulations that govern the legislative branch's operation and duties. We are proposing that certain fundamental tasks be specified among those legislative branch regulations. However, the draft we have proposed will be discussed and we are flexible regarding the way in which these principles ought to be established. We won't create any problems of a secondary nature. We are interested in what lies at the bottom of national problems. This document therefore concerns the legislative branch.

We have already submitted a document on the executive branch, and we have already begun discussing the judicial branch. We have positions on a number of other topics, which we will discuss in the course of this program. We will also present documents on these topics, setting forth our basic positions, which would then be discussed.

[Correa] I would to ask the PDC, which is represented here by Sosa, first, your opinion on General Paredes' assertion [in his 16 December speech in the interior] that the National Guard is present in the Constitution and on the elimination of Article 2 of the Constitution. Also, as a member of the Reform Commission, how do you interpret the view that the victories of the revolutionary process must be kept intact in the reformed constitution? How do you interpret this?

[Sosa] Well, Mavin, you have actually asked three questions in one: Article 2, General Paredes' assertion and the so-called victories of the process.

Regarding Article 2, the PDC has been very clear: The democratic Panamanian state must have the executive, judicial and legislative branches as its foundations. These three branches must be harmoniously coordinated among themselves and that is all. There is no reason to mention the National Guard in that article since the guard is not an organ of the state but merely an institution at the service of the Panamanian people through the state. In commenting on that article, General Paredes reflected our demands. He stated his view on this subject and if anyone was being instructed by his statement, it must have been the regime's representatives in the constitutional reform commission. We have expressed our position in a strongly-worded communique in which we demand that the National Guard do its professional duty to safeguard public order and to guarantee that this democratization process will continue. In no way can we accept the view that democratization can take place by following the instructions or orders of either the General Staff or the commander in chief of the National Guard. After 14 years of dictatorship interspersed with periods of great repression, our people have become very sensitive. Therefore, such pronouncements by the National Guard commander can be misinterpreted because our people view such pronouncements as new impositions by the National Guard on a commission appointed reportedly with full independence and autonomy to deliberate at its own discretion and on the basis of its own judgement. This is why my party has strongly criticized General Paredes' statement. I don't think it is wise for him to continue making such statements.

[Correa] I have heard politicians say in the media that the 16 members of this reform commission are clearly divided into two groups: pro-government or pro-process majority interested in expanding the conquests of the process, etc; and a minority that includes you, the members of the opposition and other independents. Have you, the members of this minority, been given guarantees that your minority report will be presented to the Panamanian people as an alternative when the time comes to decide on these reforms?

Have you, members of this minority, received guarantees that your opinion will be presented to the Panamanian people so that you need not worry because the two views will be presented to the people who will then make their decision? Has this been guaranteed within the commission?

[Arosemena] Look, Mayin, as politicians we are not on this commission so someone can pull our leg or fool around with us. If we are on the commission it is because we believe that there will be a popular consultation in which the Panamian people will decide on the country's democratization. We know that there will be a struggle. So far there have been no guarantees. We will fight within the commission so that a program for the country's democratization may be presented. Then as a political party we will fight in the streets so that the country's democratization will be submitted for the people's consideration prior to 1984. I would say that talking about a presidential campaign now while we are governed by a totally autocratic constitution is completely premature and is evidence of ambition rather than political reality, Mayin. Why? Because we must be sure that the country's democratization means participation by the political parties and the election of legislators through individual ballots. We think that the votes cast in either Bella Vista or in Belisario Porras are just as valuable as the votes cast in Pucuro or some other remote corregimiento with only 17 or 20 voters. What is currently happening with the so-called people's power, which I myself have labeled antipopular power? Why is it an antipopular government? Because a vote cast here in Panama is 800 times less valuable than the vote cast in Pucuro. Why? Because when you become a representative with 20,000 to 30,000 voters supporting you, you only have the same decision-making power as 200 other corregimiento representatives who only obtained 40, 50, 100 or 200 votes. This is what our party opposes: the fact that Panama lacks a real people's power. We think that the corregimientos should be represented in order to defend the communities' interests. This should be done at both the district and provincial levels.

[Correa] Dr Arosemena, you have mentioned the political parties. The unity of the opposition is not foreseen in the near future. It seems they cannot reach an agreement. However, there are some who have said that this unity has not been achieved precisely because they are awaiting the constitutional reforms. A politician told me that the opposition political parties cannot unite because parties unite on the basis of agreements. The Democrats and the PNP could say that they will form an alliance if one appoints the vice president and the other the deputies. But who knows how many deputies or how many vice presidents? We still don't know because the Constitution is being amended. Do you agree that while there are no changes in the Constitution, or as long as the commission report is not known, the political parties can't, technically speaking, unite because they don't know how to do it because the bases have not been set for such a unity? Do you agree with this?

[Arosemena] Mayin, I would say that we have achieved a certain unity of ideas on democratization and that we are united. We even believe that there are responsible sectors within the government who are also united on democratization. If we could consider this a small understanding we are then speaking of a national-level understanding about democratization and we will achieve democratization. Regarding your mention of electoral unity, I would say that it is premature to speak about presidential elections when we still don't have the rules of the game, and it is important to reach this agreement.

[Sosa] Mayin, please let me give my opinion on this matter. I believe, and my party believes, that the opposition will be united in the 1984 elections.

There should be no doubts in this regard. The opposition will be united in the 1984 elections because the great majority of the Panamian people is united in this feeling. The political party that withdraws from this unity of the people in opposition will be the party that will remain outside. That is why there is no doubt that if the opposition parties wish to be represented in 1984, they will have to unite. There are many demonstrations of unity. For some time now, the opposition parties have been agreeing and have been meeting periodically, they are reaching more specific decisions. Talks on very specific matters of governmental and national interest are being held. One of these matters is the Constitutional Reform Commission. We have definitely been exchanging and improving the bases for our work on this commission.

Going back to the subject that you invited us here to discuss, I would like to say that our interest in the constitutional reforms is not limited to the political aspects. There are fundamental aspects of the Constitution that interest us and that also have to be democratized. These aspects include national education. We also want the Social Security scandal to remain within the purview of the constitutional reforms. It is important for the Social Security provisions included in our Constitution to guarantee that what has happened will not happen again. That is, Social Security, as an institution for workers and employers, must be respected; its resources must not be utilized for purposes other than those for which the institution was created.

[Sosa] The judicial branch is also one of the main points of our interest regarding the constitutional reforms. The judicial branch must be guaranteed true autonomy as a state organization and to exercise this autonomy it is important for the judicial branch to have an adequate budget which it can use freely. I also have to mention that the system of appointment by seniority should be reestablished among the magistrates. This would mean that the president couldn't appoint all the magistrates.

[Arosemena] If we oppose the Constitution, it is precisely because the Torrijos Constitution admitted, quite brutally, that the only power in Panama was not the National Guard but the National Guard commander in chief. Therefore, this situation is the one that should make us further consider the need for a constitution that will democratize the country and restrict the power of the National Guard as well as the absolute power of a president that can run a budget as he likes. We believe that the legislative branch should approve the budget and that no expenditure in Panama should be authorized without the support of a budget law. If this is done gradually, as we beleive it will, then we will have a republic in Panama and we will have the social peace that we need.

COSTA RICA

PRESS, FAMILIES TO JOIN DEPUTIES ON CUBA VISIT

PA052121 San Jose LA NACION in Spanish 25 Dec 82 p 4A

[Excerpt] The number of people who will travel to Cuba on 7 January has increased to 80. The visit was initially planned only for Costa Rican deputies. At least 27 legislators will be joined by "some of their wives and children, 17 legislative assembly officials and members of the local press."

The invitation was extended by the Cuban National Assembly of the People's Government which had set the date of the trip for last 7 December.

EL SALVADOR

FDR DENIES UNGO MEETING WITH MAGANA, HINTON

PA051942 Paris AFP in Spanish 1801 GMT 5 Jan 83

[Text] San Jose, 5 Jan (AFP) -- An alleged meeting held by Guillermo Ungo, leader of the Salvadoran Revolutionary Democratic Front (FDR), with the Salvadoran president and the U.S. ambassador, reported in a local paper yesterday, was emphatically denied by FDR spokesmen in San Jose today.

"That information is part of a dispute between extreme rightist Salvadoran sectors, represented by the Nationalist Republican Alliance (Arena), and the rest of the government," an FDR spokesman said.

Ungo's alleged meeting with President Magana and Ambassador Deane Hinton was reported by the conservative DIARIO DE HOY in San Salvador.

The army has constantly opposed the opposition groups' proposals for negotiations with the Salvadoran Government, a position that has been reaffirmed by Magana.

In response to rumors of possible talks with the left that have been circulating in El Salvador for several months, Arena has been most emphatic in rejecting this idea; trying to close off any alternative in this respect, even through maneuvers in the Constituent Assembly presided over by Arena leader Maj Roberto d'Aubuisson.

According to Salvadoran opposition sources, the announcement of the supposed meeting could have had the purpose of weakening the position of the head of state or of provoking denials, thus eliminating any new moves toward a negotiated solution to El Salvador's civil war.

Ambassador Hinton was criticized by pro-Arena business circles after speaking in October to demand a more efficient functioning of the Salvadoran judicial system and punishment for the country's criminals.

According to FDR spokesmen in San Jose, the announcement of the supposed meeting is part of a dispute between the Salvadoran extreme right and other Salvadoran Government sectors.

FOREIGN MINISTER ON REGIONAL, DOMESTIC ISSUES

PA060342 San Salvador DIARIO DE HOY in Spanish 5 Jan 83 pp 3, 15

[Excerpt] "An important aspect of the Central American issue is the promotion of actions that will bring peace to the region," Foreign Minister Fidel Chavez Mena told DIARIO DE HOY. "We cannot consider an internal solution for El Salvador apart from the resolution of the entire region's problems," Chavez Mena added.

He said in this respect that there are three basic points: The first thing to do is to stop the arms buildup in the region. Second, we must establish a means to prevent arms trafficking and logistic support to armed groups operating in the region. Third, in each country we must present a credible possibility that democratic solutions can be established in accordance with pluralist principles and under regimes democratically elected.

Chavez Mena said: "I think that despite the unrest in the region, Central America has definitely expressed its wish to have a peaceful solution and a democratic process. The elections in El Salvador could not be better evidence. The elections in Costa Rica confirmed this wish. Costa Rica has a democratically elected government. Panama will soon have elections. Honduras also held a democratic election. Last year Honduras held free elections and the Honduran people elected President Roberto Suazo Cordova. Guatemala has presented a political plan which will eventually lead to elections."

Chavez Mena told DIARIO DE HOY: "It is most unfortunate that Nicaragua is the only country that is not heading in the direction of a democratic process to allow the people to express their own destiny."

"I think that the three points I mentioned previously are fundamental for establishing a climate of peace in Central America. We want to work toward this end because it is closely related to the solution of our country's internal problem."

When asked about the foreign ministers meeting that was supposed to be held on 8 January in Costa Rica, Chavez Mena said: "There were no formal plans for a meeting. It just came up during an informal conversation with the Costa Rican foreign minister. No one is to blame if the meeting did not materialize. We just did not have enough time to make plans. We will eventually hold a meeting to discuss the region's problems."

"Undoubtedly, Nicaragua is still a problem for Central America. It has to stop its arms buildup and aggressive attitude toward the other Central American countries. It also has to stop being an instrument of logistic support to rebel armed groups. Nicaragua is the only country that is having trouble with the other countries of the region," Chavez Mena pointed out.

Regarding the possibility of his presidential candidacy for 1986, Chavez Mena said: "I think it is too early to talk about this. It seems to me that we must think things over and join efforts to strengthen the democratic process and consolidate the reforms."

"We must also establish a climate of respect for human rights and we must be able to work to improve the country's economic situation," Chavez Mena said.

"If my party, the Christian Democratic Party, PDC, nominates me, then I will make a decision when the time comes. So far, there has been no talk of possible candidates," Chavez Mena indicated.

HAVANA REPORTS FMLN ACTIONS, 'MURDERS' BY REGIME

PA052152 Havana International Service in Spanish 1800 GMT 5 Jan 83

[Text] FMLN guerrilla commandos have inflicted several casualties on the Salvadoran Army during the first armed clashes of 1983. The clashes took place in the Departments of San Salvador, Morazan, Chalatenango and San Vicente.

It has also been reported that rebel groups have seized grains and domestic animals from farms in the municipality of Jiquilisco, Usulutan Department, and that other guerrilla contingents destroyed an urban bus on a Santa Ana Department road.

It has been reported that 11 bodies have been found in Sonsonate Department. The bodies had several bullet wounds and showed signs of having been tortured. Two other bodies were found in Metapan, Santa Ana Department. These murders were committed by Salvadoran paramilitary bands that operate in collaboration with the Salvadoran Army and the Treasury Police.

GUATEMALA

ORPA CLAIMS 1,160 ARMY CASUALTIES IN 1982

PA051724 Havana International Service in Spanish 0000 GMT 5 Jan 83

[Text] The Armed Peoples Revolutionary Organization, ORPA, inflicted 1,160 casualties on the government forces in 1982, according to a bulletin released by that revolutionary group containing a review of its operations.

The report added that these casualties were produced in 51 firefights, 42 ambushes and 17 harassment actions against government troops, in which ORPA forces destroyed 22 installations and 19 military vehicles. The bulletin also noted that the guerrilla forces of the organization, which is a part of the Guatemalan National Revolutionary Unity, occupied 186 farms, towns and communities in several departments of that Central American country and on 12 occasions temporarily seized stretches of road to block the deployment of troops by Efrain Rios Montt's regime.

HONDURAS

PAZ BARNICA ON WILLINGNESS TO TALK WITH JUNTA

PA050532 Tegucigalpa Televisora Hondurena in Spanish 0130 GMT 4 Jan 83

[Interview with Honduran Foreign Secretary Edgardo Paz Barnica granted to the "Morning Daily" program; time and place not given -- recorded]

[Excerpt] [Question] What foreign policy will Honduras follow in 1983?

[Answer] We will strengthen our neutrality policy. Honduras follows a policy of non-intervention and has proved it. Another principle of Honduran foreign policy is the observance of strict neutrality. We will strengthen that neutrality policy through the strict enforcement of the law. Our laws on immigration and residence require the Government Secretariat to punish foreigners living in our country who violate our laws and meddle in civil conflicts or war in other countries. Our Foreign Secretariat will strengthen our neutrality policy and will strive to keep up its humanitarian tasks among refugee groups. Those refugees should respect the law. They came to our country seeking protection, fleeing from domestic conflicts in their own countries. Honduras [words indistinct] of countries that have conflicts with us.

[Question] How were our relations with Nicaragua in 1982 and what will they be like in 1983?

[Answer] Honduras will try to improve its relations with Nicaragua. There have been many incidents along the borders with Nicaragua. There have also been attacks aimed at destabilizing Honduran democratic institutions. However, I believe that relations are not at too low a level. I believe that our relations have improved and that the Honduran Government's good will still exists. We trust that the Nicaraguan Government will reciprocate and we will strive to improve bilateral relations and establish stable, peaceful coexistence based on mutual respect.

[Question] Is there any chance that the Honduran foreign secretary and the Nicaraguan foreign minister will meet this year?

[Answer] Yes, Honduras has said that is willing to hold talks at any time, at any place and under any circumstances.

[Question] What is the status of the Sandra Nunez Aguilar case?

[Answer] Many people sought asylum last year. All of them have been allowed to leave the country in accordance with the Honduran Government's foreign policy. We must also bear in mind national security and national interests, which in my opinion should not be incompatible with the principle of the defense of constitutional guarantees. As a citizen, a Honduran and a man, I have always been concerned [words indistinct]. In Honduras we must strengthen the defense of human rights. The uplifting of the human being and the rights inherent to human dignity should concern all sectors of society.

The Honduran Constitution consecrates the defense of human rights as a responsibility of the government. Referring specifically to your question, I already told you that many people sought asylum in the Mexican Embassy and have left the country. I received a letter from the mother of Miss Nunez. Later I saw that a newspaper had published the letter. We must analyze this case carefully and exhaustively, bearing a number of factors in mind. We must bear the domestic legal aspect in mind. This case has been heard in Honduran courts, and the judicial branch is independent of the executive branch. We do things here according to the Honduran Constitution. Honduras is a free, sovereign and independent republic that operates with three independent branches each of which functions without being subordinate to any other. We must also bear international law in mind; that is, Honduran commitments to other countries regarding the right of asylum. The Honduran Constitution states that there is right to asylum because of political crimes or crimes regarding political rights. We must see this from a humanitarian viewpoint. The case of Miss Nunez falls under the Caracas convention of 1974 on right of asylum, of which Honduras is a signatory. This case must be carefully analyzed because when Miss Nunez requested asylum at the Mexican Embassy she was worried [words indistinct] judicial authorities.

COMMUNIQUE DENIES CHARGE OF ANTI-SANDINIST BASES

PA050557 Panama City ACAN in Spanish 2112 GMT 4 Jan 83

[Text] Tegucigalpa, 4 Jan (ACAN-EFE) -- Today the Honduran Government officially denied that there are bases or camps in Honduras which house armed groups of anti-Sandinists or groups espousing any other ideology.

The Honduran Government admitted that it is getting an average of 100 Nicaragian refugees every day, and that authorities have increased vigilance to prevent clandestine bands from operating along the Honduran-Nicaraguan border.

A communique issued by the international information office of the presidency claims that the Honduran position is stated on the basis of reports that the Nicaraguan Government is considering sending a protest note to Honduras for the alleged kidnapping of 67 persons by anti-Sandinists bands operating from Honduras.

The Honduran communique states that "it is not far-fetched to think that the people mentioned as kidnapped are families who are fleeing represssion." The communique adds that the Nicaraguan Government is not sure and that it is only considering sending the protest.

The communique says that the Honduran Government is still seeking civilized formulas leading to detente, disarmament, and coexistence in Central America "but to date the government has had no favorable reply from Nicaraguan authorities."

GOVERNMENT CONCERNED OVER TRADE WITH NEIGHBORS

PA051449 San Pedro Sula LA PRENSA in Spanish 4 Jan 83 p 12

[Text] Tegucigalpa -- Amid the difficult situation being experienced by the convulsed Central American region, Honduras is preparing to negotiate a new commercial treaty with Nicaragua and Guatemala.

The current commercial treaty with Nicaragua, which was extended for a year early in 1982, expires on 5 February. According to economic authorities, commercial relations with Nicaragua are normal, because of the desire of the two governments and of exporters to pay off their debts.

Nicaragua is the only country with which Honduras has an unfavorable trade balance, because of the civil war that shook that country and that ended with the FSLN's rise to power.

However, the two countries' commercial relations tend to deteriorate at times because of the tense bilateral political and military situation. The Sandinist government, as a result of its totalitarian structure, is trying to change the current pattern of commercial exchange from a bilateral treaty to the bartering system.

The economy and commerce secretariat has not hidden its concern over the direction that the talks on a new commercial treaty may take. A similar concern exists about the talks with Guatemala, since that country exports more than it can import from Honduras.

The agreement with Guatemala expires on 25 February and it is feared that the border will be closed -- as in the recent past -- until a real agreement is reached.

CANADA REPORTED READY TO ACCEPT 2,000 REFUGEES

PA052022 Tegucigalpa Televisora Hondurena in Spanish 0130 GMT 5 Jan 83

[Excerpt] Werner Blatter, the new representative of the UN High Commissioner for Refugees, UNHCR, was presented to Government and Justice Secretary Oscar Majia Arellano today. Blatter is replacing Carlos Bazoche, who has been transferred to Africa, according to the new UNHCR official. He said that the Canadian Government has promised to receive some 2,000 Latin American refugees, perhaps to include some who are now in our country.

PRESIDENT APPOINTS THREE UNDER SECRETARIES

PA060041 Tegucigalpa Cadena Audio Video in Spanish 1145 GMT 5 Jan 83

[Excerpt] Yesterday Honduran President Roberto Suazo Cordova swore in three new under secretaries of his cabinet. The three new officials have been appointed to the secretariats for foreign affairs; communications, public works and transport; and culture and tourism.

The officials are: Attorney Arnulfo Pineda, who replaces attorney Rodolfo Rosales Abella in foreign affairs; Engineer Carlos Handal, who replaces Jack Arevalo Fuentes in communications, public works and transport; and Joaquin Medina, who replaces Ricardo Martinez in culture and tourism.

BRIEFS

PRESIDENT CONFIRMS SECRETARY -- Tegucigalpa -- Carlos Flores Facusse, secretary of the presidential office, has become the first secretary to be confirmed in his post by President Roberto Suazo Cordova. During a year-end party for presidential house personnel, President Suazo Cordova said that as long as he is president, his secretary of the presidency will be Flores Facusse whom he praised for his work and dedication. [San Pedro Sula LA PRENSA in Spanish 30 Dec 82 p 4 PA]

NICARAGUA

FOREIGN MINISTRY PROTEST NOTE TO U.S.

PA051528 Managua Radio Sandino Network in Spanish 1200 GMT 5 Jan 83

["Text" of note sent by the Nicaraguan Foreign Ministry to U.S. State Department on 4 January -- read by announcer]

[Text] Your Excellency George P. Shultz
U.S. secretary of state
Washington, D.C.
4 January 1983

Mr Secretary of State:

I am honored to address Your Excellency to denounce the critical situation in the area bordering the sister nation of Honduras caused by the constant attacks and crimes perpetrated by Somozist counterrevolutionary units against both our people and our territory. This situation is made possible only by the economic, military, logistical and propaganda aid that the U.S. Government gives to these bands, as part of your government's undeclared war on our country.

At 1220 on 28 December, an undetermined number of counterrevolutionaries entered our national territory and attacked the Hacienda Agronica, which is located 28 km northwest of Ocotal, in Nueva Segovia Department, with the intention of kidnapping Nicaraguan peasants who were harvesting coffee. This criminal action met with a firm response from the Nicaraguan troops, but despite this, nine peasants were kidnapped and taken to Honduran territory.

At 1630 the next day, 29 December, a twin-engined plane with an unknown registration number entered our airspace from Honduras through Las Manos; after flying over the towns of Santa Clara and San Fernando in Nueva Segovia, it returned to Honduras.

On 31 December, our territory was subjected to the following acts of aggression: At 0545, Somozist counterrevolutionaries entered (Enarango), which is located 16 km northwest of Ocotal and 2 km from the borderline, and attacked the Nicaraguan forces stationed in the area. Nicaraguan citizens (Jose Esteban Peralta) and (Ignacio Esquivel) died in the action.

At 0850, counterrevolutionary forces entered our territory at El Roble hill, which is located 8.5 km northwest of El Espino. They fired several grenades at the Nicaraguan troops stationed there.

At 1320, Somozist bands from Honduras entered our territory at (El Cipres) hill, which is located 17 km northwest of Ocotal, and attacked our forces with 107-mm mortars. It has been estimated that over 100 men participated in this attack.

At 1900, an unidentified aircraft entered our airspace from Honduras and flew over the [words indistinct] area.

All of these incidents took place in Nueva Segovia Department.

At 2200, counterrevolutionary units attacked the hamlet of Las Sabanas, which is located 16 km southwest of Somoto, in Madriz Department. During this attack they used various types of rifles and 60-mm mortars.

New attacks were launched on our territory the next day, 1 January 1983. A detailed list of these attacks follows:

1. At 0100, some 50 armed Somozist counterrevolutionaries entered our territory through the area known as (Fuse), attacking the (Hacienda San Rafael), which is located 12 km north of Jalapa, in Nueva Segovia. During this action, they kidnapped 62 persons, most of them children, who were abducted and taken to Honduras under threat and with extreme violence.

2. Between 0009 and 1330, three unidentified planes entered Nicaragua's airspace from Honduras, flying over areas adjacent to Somotillo, Villanueva, El Sauce and (Tazita Volcano). After this, they returned to their place of origin. At 1200, Somozist counterrevolutionaries attacked our positions in the area of La Victoria, 9.5 km northwest of Las Sabanas, in Madriz Department. Heavy fighting took place at 1300 on (El Cipres) hill, which ended with the counterrevolutionaries' disorderly flight toward Honduran territory. A considerable number of weapons, most of them made in the United States, were seized.

At an as yet undetermined hour, Somozist elements attacked the Nicaraguan towns located 3 km southwest of Las Sabanas.

At 1515 today, 4 January, a counterrevolutionary band of some 150 armed men attacked Nicaraguan positions at La Zopilota hill, located 2 km southwest of San Pedro del Norte, from Honduran territory. In that attack, which lasted over 20 minutes, M-50 machineguns were used, as were FAL rifles, with over 15 FAL grenades being fired. At about 1525, the members of this band proceeded to evacuate the Honduran civilian population, particularly in the area located across from Santo Tomas de Nance. At 1645, an attack was launched against (El Ranchon), which is 500 meters from La Zopilota. The counterrevolutionaries are currently posted along the borderline, on the Honduran side.

Given that the Nicaraguan Government's numerous efforts to resolve this situation through dialogue with the Honduran Government have been useless and that the Honduran Government has systematically ignored the incidents that Nicaragua has denounced in numerous protest notes; and given that all of these are problems that Nicaragua has with the United States from Honduran territory, since your government has transformed Honduras into a base for armed terrorist operations against Nicaragua, the Nicaraguan Government formally and most strongly lodges a protest with the U.S. Government about all of these criminal actions, which contradict the most fundamental rules of international law, which should govern relations among states.

Under the circumstances, Nicaragua urges your government to act with good sense and to reflect on the consequences that this interventionist policy has on peace and security both in Nicaragua and in Central America as a whole. In keeping with our earnest desire for peace, we demand that you abandon this aggressive policy toward Nicaragua. We also demand that all kidnapped Nicaraguans be released and returned to their homeland and we place the responsibility for their safety and physical and moral integrity on your government. In addition, we demand acceptance of the frank and unconditional dialogue that we have repeatedly proposed, and which the U.S. Government has always rejected.

I take advantage of this occasion to reiterate to Your Excellency my most distinguished consideration.

[Signed] Miguel D'Escoto Brockman, foreign minister of Nicaragua

Havana Cites Protest

PA052032 Havana International Service in Spanish 1800 GMT 5 Jan 83

[Text] The Sandinist Government of Nicaragua has once again urged the United States to stop the armed attacks on Nicaragua by counterrevolutionary bands operating from Honduras with the support and the approval of Washington.

In a note sent to U.S. Secretary of State George Shultz, Nicaraguan Foreign Minister Miguel D'Escoto charges that 12 ground attacks and airspace violations have been carried out against Nicaragua from 28 December to 4 January.

The note says U.S. President Ronald Reagan's government has turned Honduras into a base for armed actions against Nicaragua, whose authorities have made many fruitless efforts to initiate a dialogue with the Tegucigalpa government to find a negotiated solution to bilateral problems.

D'Escoto's note adds that the tense situation on the two Central American countries' border is possible only because of the economic, military, logistical and propaganda assistance given by the United States to the Honduran regime and the former Somozist guards operating there.

DELEGATION APPOINTED FOR NONALIGNED MEETING

PA060402 Managua Radio Sandino Network in Spanish 1200 GMT 5 Jan 83

[Text] Nicaraguan Foreign Minister Miguel D'Escoto Brockman heads the delegation, made up of 23 people, which will represent Nicaragua at the fifth special meeting of foreign ministers of the Nonaligned Movement. This meeting will take place in Managua from 10 to 14 January.

The official representatives include Deputy Foreign Ministers Victor Hugo Tinoco and Nora Astorga, Foreign Ministry officials, State Council members Fathers Alvaro Arguello and Moises Lopez and members of the FSLN International Relations Department, DRI.

The fifth meeting of the coordinating board of nonaligned foreign ministers will open in Managua to discuss topics related to Latin America and the Caribbean, and specifically the critical Central American situation.

The other four special meetings of the Nonaligned Movement Coordinating Bureau were held in Maputo, Mozambique; Algiers, Algeria; Kuwait, Kuwait; and Nicosia, Cyprus.

HAVANA CITES DESTRUCTION OF GUERRILLA CAMP

PA051656 Havana International Service in Spanish 0000 GMT 5 Jan 83

[Text] After 5 hours of fighting, Sandinist troops dismantled a counterrevolutionary camp in the (Los Cipres) sector and recovered a number of U.S.-made weapons, according to the Nicaraguan Defense Ministry. The camp was built by the counterrevolutionaries on a hill 1,400 meters above sea level, overlooking the Pan-American Highway in both Nicaraguan and Honduran territory.

Capt Jaime Agurcia, chief of the Nicaraguan border guard in Nueva Segovia, said that no information is available as to the number of casualties inflicted on the enemy, who fled into Honduran territory.

JOINT COMMUNIQUE ENDS ALMEIDA'S CONGO VISIT

FL051845 Havana Domestic Television Service in Spanish 1225 GMT 5 Jan 83

[Text] The Cuban and Congolese Governments have released a joint communique expressing similar views on crucial issues in Africa, Latin America and other parts of the world.

The document was released at the conclusion of the visit made by the Cuban delegation headed by Juan Almeida Bosque, vice president of the Council of State and member of the Politburo. Almeida and his delegation, who stayed in Brazzaville from 31 December 1982 to 4 January of this year, were received by President Denis Sassou-Nguesso. They also met with high ranking officials of the government and of the Congolese Labor Party. The joint communique says that the meetings allowed the discussion of bilateral and international matters, particularly the serious issues prevailing in Southern Africa, the Middle East and Latin America.

SOVIET COMMUNICATIONS MINISTER ARRIVES IN HAVANA

FL051910 Havana Domestic Television Service in Spanish 1800 GMT 5 Jan 83

[Text] Vasiliy Shamshin, candidate member of the CPSU Central Committee and Soviet minister of communications, arrived in Havana last night on an invitation of the Cuban Ministry of Communications. This is Shamshin's seventh visit to our country. It is a demonstration of the close relations between the two ministries and a demonstration that Cuban development in communications has been achieved thanks to Soviet technological aid.

Shamshin was met by Pedro Cuelmes, member of the Central Committee and minister of communications; Konstantin Katushev, Soviet ambassador to Cuba; Raul Garcia Pelaez, member of the Central Committee and vice minister of communications; Rene Hernandez Cartaya, first vice minister of communications; and other Soviet Embassy officials and members of the Cuban Ministry of Communications.

FLAVIO BRAVO HEADS DELEGATION TO KUWAIT, ALGERIA

FL051647 Havana Domestic Television Service in Spanish 1300 GMT 5 Jan 83

[Text] Flavio Bravo, member of the Central Committee and the Council of State and president of the National Assembly of the People's Government — ANPP — has left for Kuwait and Algeria heading a Cuban parliamentary delegation. The delegation is also made up by Alberto Martinez, Guantanamo Province ANPP chairman; Wilfredo Espinoza, Havana Province ANPP vice president; and Carlos Lastra, an official of the Foreign Ministry.

REAGAN'S 'RIDICULOUS DECISIONS' CRITICIZED

PA062228 Havana International Service in Spanish 0000 GMT 5 Jan 83

["World Events" commentary read by Angel Hernandez]

[Text] One of the most serious setbacks that U.S. foreign policy suffered in 1982 was the impossibility of implementing President Ronald Reagan's boycott of the construction of the huge pipeline that will supply Soviet gas to several Western European nations. The pipeline will complete a fuel-supply network that has been in operation since 1972.

The governments of the FRG, France, Italy and Great Britain opposed the U.S. plan, prompting President Ronald Reagan to publicly abandon it.

The project was started on 28 December 1972. It is a 3,200-km pipeline that has transported some 45 billion cubic meters of gas to Austria, Italy, the FRG, France, Yugoslavia and the GDR. The year 1982 was a decisive one for the construction of the other pipeline, the largest ever built. That pipeline will considerably increase the fuel service which the USSR offers its commercial clients in Western Europe. The Yamal, as the project is called, was the target of a large-scale and stubborn campaign by Washington. This campaign increased considerably in 1982, but ended up being one of Reagan's most complete foreign policy failures.

In his effort to keep other countries from selling the USSR the technology necessary to build the pipeline from Siberia to Western Europe, the U.S. chief of state pointed to alleged Soviet interference in Polish affairs. Washington portrayed the so-called deal of the century as a dangerous agreement which could cause Western Europe to be dependent on the USSR for its energy needs.

As the campaign advanced, the U.S. Government's plans became more obvious, even to its own allies. In fact, the U.S. Government was trying to pull off a deal benefitting U.S. transnationals, thereby dealing a death blow to the so-called East-West cooperation in Europe.

U.S. objections to the project that will benefit the recipient countries as well as thousands of workers in Western European factories which produce parts and equipment for the pipeline, caused an open confrontation between U.S. interests and those of its allies.

It did not take long for West German, Italian, British and French firms involved in the agreement to realize that a collapse of the Siberian gas pipeline construction would result in serious damage to their financial situations which have already been badly eroded by the world's economic crisis. Neither were they long in realizing that some U.S. monopolies would benefit from such action. Very bitter discussions went on for almost 5 months. The discussions ended when Reagan reversed his decision and cancelled his absurd boycott. But while the Soviet construction firms are going ahead with the gas pipeline project, Ronald Reagan continues to make ridiculous decisions, as has become his habit during the 2 years he has been in the White House.

HAVANA REVIEWS FMLN'S 1982 ACHIEVEMENTS

PA051651 Havana International Service in Spanish 2310 GMT 4 Jan 83

["Our America" commentary]

[Text] The Salvadoran FMLN ended 1982 with considerable improvement in every area of the revolutionary struggle. In the last 12 months, the rebel commands of this organization extended and consolidated their seven war fronts and reaffirmed their already high international prestige. In statements to the clandestine Radio Farabundo Marti, guerrilla commander Salvador Cayetano Carpio affirmed that the positive results of the armed actions staged in 1982 make it possible now to begin decisive actions against the Salvadoran dictatorship and U.S. imperialism. The FMLN General Command member reported that the regime's troops failed completely in their attempt to destroy the rebel forces in this period and demonstrated their ineptitude and incompetence in dealing with the guerrillas' warfare.

He added that the army sustained many casualties in battle. Three colonels were killed in 1982 and the dictatorship's deputy defense minister was captured. Cayetano Carpio said that in the last 3 months of the year alone, the FMLN inflicted more than 1,000 casualties on the enemy, both dead and wounded, and captured more than 50 automatic rifles, dozens of heavy machineguns, armored equipment and large quantities of ammunition. The insurgent commander said that the area currently controlled by the guerrillas is enormous and emphasized the excellent relations that exist between the inhabitants and the FMLN fighters. He said that these bonds are very different from those that exist with the army, which practices the so-called scorched earth policy in rural areas, amounting to the complete destruction of people and things -- that is, the indiscriminate massacre of defenseless men, women and children; the destruction of houses and harvests; and the theft of livestock.

Referring to the Heroes and Martyrs of October 1979-1980 guerrilla offensive, Salvador Cayetano Carpio emphasized that this great operation represented an important qualitative advance in the rebels' armed actions. Because their forces have swelled extraordinarily, they are better trained and they are now striking the enemy with decisive blows on the many battlefronts. He added that the Salvadoran regime is now confused and is increasingly contradicting itself, which demonstrates the deep political, social, economic and military crisis that it is facing.

Cayetano Carpio emphasized that this situation is irreversible and that not even Yankee imperialism can correct it. He said that the masses are daily increasing their struggle to achieve their economic and social demands, while dissatisfaction prevails even in sectors that previously supported the dictatorship. He emphasized that the contradictions in high-ranking army circles are so acute that the military high command has been accused of incompetence in directing the war. At the same time, many high-ranking officers are already conceding that they have lost.

Cayetano Carpio said that the FMLN ended 1982 with very high morale, a result of the great military successes that it achieved. We can affirm that the battle our people will wage in 1983 will mark the path toward the change in the distribution of forces necessary to achieve definite victory, he said. Finally, he urged a union of forces in the revolutionary struggle with all of the peoples of Central America, so that the interventionist attempts of the United States, which is trying to perpetuate its colonialist and imperialist domination in the region, may be defeated.

DE LA MADRID 4 JAN NATIONAL ADDRESS CITED

PA052011 Havana International Service in Spanish 1600 GMT 5 Jan 83

[Text] Mexican President Miguel de la Madrid cautioned yesterday, Tuesday, that 1983 will be a difficult year for the Mexican people. He urged the people to face it with optimism and confidence.

In a New Year address to the nation, the president said that strict measures are being adopted to resolve the current crisis, that the situation does not permit laxness and that it is necessary to act decisively and firmly.

He said inflation is the most serious problem the country is now facing and that his government is dedicating all its efforts to the eradication of this problem with short-term measures.

He said that unemployment is another big problem in Mexico, but noted that both the strengthening of productivity and the new emergency measures are aimed at eliminating this problem, also in a short period.

Meanwhile, the Mexican Foreign Relations Department has stated that Mexico has no intention of adhering to the so-called Forum for Peace and Democracy in Central America. It has denied that Honduran Foreign Affairs Secretary Edgardo Paz Barnica will soon be going to Mexico on an official visit.

Agustin Gutierrez, spokesman for the Mexican Foreign Relations Department, noted that last year Mexico presented peace proposals for Central America at international forums but never indicated that it would join the so-called Forum for Peace and Democracy in Central America, which was created in October with U.S. backing. The governments of Mexico and Venezuela did not send representatives to the meeting in which the forum was created, while Nicaragua was not invited. As a result of U.S. President Ronald Reagan's tour of the region, the Honduran and Costa Rican regimes have increased their efforts to keep the so-called forum alive.

COSTS ESTIMATED FOR CARIBBEAN DEFENSE FORCE

FL042355 Bridgetown CANA in English 2112 GMT 4 Jan 83

[Text] Bridgetown, Barbados, Jan 4, CANA -- Total annual costs of the five-nation East Caribbean security and military pact have been estimated at 1.4 million East Caribbean dollars (one E.C. dollar: 37 cents U.S.) of which Barbados is to contribute close to half, according to press reports here.

Following this week's disclosure by the St Vincent and the Grenadines Government that its annual 12.75 per cent contribution to the central fund of the regional defence pact will be at least 191,000 East Caribbean dollars, the "NATION" newspaper computed the Barbados contribution at 734,039 East Caribbean dollars or 49 per cent. The other 51 per cent will be shared equally among, St Vincent and the Grenadines, St Lucia, Dominica and Antigua and Barbuda, which should amount to 764,000 dollars, the newspaper said.

St Vincent and the Grenadines deputy prime minister, Hudson Tannis, said his country's contribution could go as high as 240,000, if only four countries participated. Such a situation would also mean an automatic rise in the level of contributions from the other participating states.

The memorandum of understanding setting up the scheme signed last October in Roseau, also states that: "If circumstances change, the percentage contributed by Barbados and other participating countries shall be subject to re-negotiation." This regional security system is designed to discourage smuggling and invasion attempts and covers as well search and rescue operations.

The central fund will be administered by a Barbados-based liaison office, and will be used for, among other things, paying staff salaries and other incidental expenses, but not for "operational purposes in a participating country."

Barbados will also be the headquarters of the joint coast guard service and related security and military co-operation, which will be headed by chief of staff of the Barbados defence force, Colonel Rudyard Lewis.

ANTIGUA & BARBUDA

VERE BIRD ANNOUNCES CABINET, MINISTRY RESHUFFLE

FL052045 Bridgetown CANA in English 1852 GMT 5 Jan 83

[Text] St Johns, Antigua, Jan 5, CANA -- Antigua and Barbuda's Prime Minister Vere Bird, today announced a minor cabinet reshuffle and the splitting up of one government ministry.

The country's new minister of finance is John St Luce, who has taken over this portfolio from Prime Minister Bird. Mr St Luce had been public works and public utilities minister.

Prime Minister Bird has been holding several portfolios, including defense, police, prison, fire service, and immigration.

The minister of aviation and public information, Ernest Williams, has been given additional responsibility -- public utilities.

Hilroy Humphreys who was previously a minister of state in the Ministry of Public Utilities and Public Works, is now a senior minister, with responsibility for public works. A government statement said the re-assignment of portfolios came into effect on January 1.

JAMAICA

PRIME MINISTER SEAGA ADDRESSES NATION ON ECONOMICS

FLO50313 Kingston Domestic Service in English 0100 GMT 5 Jan 83

[Prime Minister Edward Seaga's address to the nation on the state of the economy -- place not given -- live]

[Text] I come to the nation at this time, as I'll be doing at intervals throughout the year, to share with you information on what is happening to our country's economy and why, in order that you may be aware of the reasons for the policies and decisions that concern the economy and that will inevitably affect each of you as individuals in some way.

For this time I believe that we must all begin to make ourselves as knowledgeable about economic issues as we are about political issues. If political awareness has been one achievement of our first 21 years of independence, then let economic awareness be the achievement of the next.

We've now had 2 years in which our economy has shown heavy signs of improvement with a turnaround which in the first of these 2 years was unquestionably remarkable.

I am now inviting the nation to join me in a more detailed examination of our country's situation; about how the international recession is affecting us; about the prospects for the immediate future and some of the measures we will be putting into place to secure the stability of our economy and maintain the effectiveness of the recovery program which is now underway.

With the downturn in the bauxite-alumina industry, Jamaica has now experienced the first effects of the extremely serious recession which has had the rest of the world in a relentless [word indistinct]. This recession is the worst the world has seen in over 50 years.

Looking back over the last 2 years -- 1981 and 1982 -- we can count ourselves as being extremely fortunate in that they have generated economic results that are most unusual in today's world -- showing positive (?gains) and forward movement when the tide of most other (?such) economies has been going backward.

Let us look at what has been happening to some of these economies, among them the major users of our bauxite and aluminum. The United States, Canada, and nearly all of the European countries are expected to show negative growth or not to grow at all in 1982. All have increasing budgetary deficits, many have sizable trade deficits. Exports are declining everywhere.

Nowhere are the figures more devastating than in regard to unemployment. In order to bring down prices -- which were rising so fast that their economies were (?threatened) in the late 70's -- many of the industrial countries have adopted policies that have brought inflation down but have also resulted in rapid increases in unemployment. In the United States, unemployment increased by 41 percent in the past 2 years. And 10 million people are now without jobs. In Canada, 1.3 million people are out of work, an increase of 42 percent in 2 years. In Europe, the story is the same. And just 2 weeks ago the Organization for Economic Cooperation and Development warned that unemployment would increase, this year, to a record 35 million people in its 24-member countries which include the United Kingdom, France, West Germany, Italy, Australia, Japan, the United States and Canada.

The international recession has resulted in serious financial imbalances in the account of many countries never previously affected, including a number of mid-level developing countries with resources far greater than Jamaica.

In short, the world economic and financial situation is in an extremely critical stage and has been so for much of the past 2 years. Investment and trade are virtually at a standstill internationally and many economies are threatened with disaster.

It is worth reflecting on the fact that we in Jamaica have managed to bring inflation under control for 2 years in a row without the kind of results which we have seen in other countries where attempts to reduce inflation have been unemployment soar to record levels. Although our unemployment rate grew slightly at the beginning of last year, by the end of the year indications are that we will probably back down to an average rate of between 25 and 26 percent.

In our case the recession has taken its more serious toll, as I said earlier, on our bauxite-alumina sector. The market for aluminum has contracted sharply because of lack of demand in the countries which buy the metal for use mainly in their transportation and building industries which have been declining steadily. Nineteen eighty two has in fact been the worst year in the history of the bauxite-alumina industry. It is fair to say that no one anywhere predicted [words indistinct] of the collapse the aluminum industry. Because no one expected the general international recession [words indistinct] fortunately, before the recession began we had already taken special measures [passage indistinct].

Nineteen eighty three however, requires a special (?study) in order to determine how long the international recession is going to last, and therefore, how long we can expect to be deprived of revenues from the bauxite sector. And the foreign exchange flow which is a vital part of our economy has been [words indistinct].

So we are making our own analysis of the situation. And on the basis of these studies which were completed during the past 4 weeks, it is now clear to us that the international recession can be expected to continue at least through the year 1983 and next year -- 1984. Indeed, some analysts believe that this world recession will last even longer.

Only the most optimistic are predicting that this year will begin to see the end of the slump and the beginning of an upturn, and so the weight of advice and sound opinion, both at home and abroad, fully supports the view that we have at least 2 more years before us of poor foreign exchange flows and restricted revenues from the bauxite industry. [Words indistinct] effect of this recession, the government has therefore taken a number of decisions in order to put the economy on a different footing -- forced to face the future, wisely, responsibly and with continuing stability and growth. It is on these decisions that I shall now speak.

It is clear that we can no longer depend on bauxite to be the major provider of foreign exchange. It is also clear that we cannot any longer afford the luxury of other sectors of the economy which cannot earn their way or which are stagnant. The country must be put on a footing which is almost single in purpose dedicated to developing all means of possible earnings and savings of foreign exchange.

Let us take a look at the sectors which are the main earners of foreign exchange and how they performed in 1982. The picture reveals some very interesting things. Tourism is projected to show a net increase of U.S. $65 million in foreign exchange earnings in 1982 over 1981. But bauxite is projected to show a net decrease of the same amount, wiping out the foreign exchange increment earned by tourism. What is worse, of the U.S. $65 million in improved flows in tourism, only $14 million reached the Bank of Jamaica. The rest was absorbed in the parallel market.

The nontraditional manufacturing export sector, which is now beginning to show performance despite serious problems during last year, is projected to produce an increase of U.S. $24 million in foreign exchange earnings in 1982; and the traditional export corps, sugar and bananas, a further U.S. $11 million in additional earnings over 1981. The result is that overall there will be very little to show by way of improved foreign exchange earnings for the year 1982, a situation further aggravated by the high leakage of the tourism dollar into the parallel market. [Word indistinct] although we have managed to come through 1982 without serious disruptions in our economy, it is obvious that, on the basis of what I have just outlined to you, severe problems will arise this year if we do not take urgent steps to improve the foreign exchange earnings capacity of tourism, manufacturing and agriculture to compensate for the further decline in bauxite earnings expected in 1983.

Let me first deal with what we are going to do about the tourism industry. The new system which I have previously announced whereby all visitors will be required to pay their hotel bills [passage indistinct]

A special team of auditors has been engaged by the Bank of Jamaica to make instant check on new [word indistinct] operations or operations (?of tourism attractions) in order to insure that the dollars they earn flow to the banks. (?In-bond) shops are already on a special regime and a system is being worked out for villas which are rented to tourists, from which very little foreign exchange proceeds are now going to the Bank of Jamaica or indeed into Jamaica at all, since in many cases the receipts are kept abroad by owners.

The laxities of the past in which the tourism dollar became everybody's property to spend as they wished while bills had to be paid by the Bank of Jamaica by foreign exchange otherwise supplied cannot function.

It is by no means expected that all the earnings of the tourism sector will flow to the Bank of Jamaica, since there are expenditures that will take place in areas outside of these controls. But we have to make sure that there is a significant increase in the foreign exchange reaching the Bank of Jamaica in order to provide the resources to pay for imports of goods and services. In addition to stricter regulation and the requirement for all hotel bills to be paid in foreign exchange, it has also been decided to set a licensed currency exchange booth at the airport to facilitate visitors who will now be invited to change their foreign exchange for Jamaican dollars which they can use to meet incidental expenditures.

It is also to be reminded that it is an offense to bring Jamaican dollars into the island and we intend to establish enough booths to insure that as little time as possible is taken to make the transaction and to minimize any inconvenience to visitors.

In addition to the establishment of currency exchange booths, we will also be including the welcoming facilities at the international airport, in order to provide a more pleasant and relaxed atmosphere to greet our visitors on arrival. Apart from the increase in foreign exchange intake from this sector, which new measures will realize, there will be another [word indistinct], and that is a reduction of the level of hustling by individuals who have been accosting visitors in and out of hotels and all over the beaches to make currency exchange. This has now reached the point where the minister of tourism has advised me that if allowed to continue we can expect a reduction in the number of visitors arrivals. We will, accordingly, be taking other measures to insure that the handful of persons who are feeding on the tourism tree by picking dollars rather than by earning them are not allowed to ruin an industry that has been [word indistinct] to great success from the ruins of the '70s. We build for the benefit of thousands and not of a few.

The police have been instructed to keep airports, beaches, streets, and hotels clear of all touts and hustlers. So one thing is certain, if our visitors cannot walk about in peace they will soon find somewhere else to vacation where they are not beseiged, bothered and bewildered. The choice is therefore clear; either we make certain that the conditions are right for a vacation free of hustlers and touts, or we lose our visitors to some other resort area.

I do not propose to watch the hard work of so many destroyed by the predatory few. The police will carry out their duties with courtesy, but firmly and I hope everyone will respect their direction.

Let me now turn to agriculture [word indistinct] how we propose to increase foreign exchange earnings too. [Passage indistinct] no longer be the Cinderella of the economy, but will be able to take its place without a major productive center.

I now come to manufacturing. The manufacturing sector has at last begun to show positive results after several years of [word indistinct]. Three percent growth in 1982 is expected. But this is still well below the capacity of the sector for expansion. The chief obstacle to further growth in manufacturing is well known: the breakdown in the issuing of licenses, particularly over the last year, when the number of applications to the (?trade administrators) department doubled. From the resulting frustrations which most importers experienced in the processing of licenses in 1982, the view is now stronger than ever that the [word indistinct] which the manufacturing sector needs most, to encourage dramatic expansion, is to be able to secure the foreign exchange required without having to secure import licenses. With this freedom manufacturers would be able to determine their own (?course) and pace of expansion and would do so in a manner which would more effectively increase production and jobs. What is more, we must not only attempt to increase production in the manufacturing sector, but we must seek to export more of it if we are to increase our foreign exchange earnings from this source.

What is needed therefore is both the incentive to produce more and to export more of what is produced. Over the past couple of months we have been carefully putting together an incentive program to deal with twin problems of significantly increasing production in the manufacturing sector and exporting more of this product.

What I am about to announce now is the substance of this program. To liberate the manufacturing sector from the bureaucracy of licensing officials, there must be enough foreign exchange available to satisfy all the needs for the import of raw materials, spare parts and capital goods without having to depend on licenses Assessment indicates that many millions of dollars pass from hand to hand outside of the Bank of Jamaica in what is called the parallel market. These dollars and other foreign currency are generated by the tourism sector and other sources and in the main are not available to the manufacturing sector because they are obtainable only through the black market. To funnel these dollars to sources which can be tapped, we have decided to authorize all commercial banks to buy foreign exchange from anyone without questions asked, as well as to sell these currencies imported. Each bank will publish daily the rate of exchange at which it will buy and sell American dollars and other foreign currencies. At present, the bank may accept deposits of foreign currencies only if the depositor is opening a special [word indistinct] account for which there is official approval. This will no longer be necessary. As soon after the 10th of January as the commercial banks are able to organize their operations to do so, they may purchase foreign exchange from the public and [words indistinct].

[Words indistinct] to have U.S. dollars and other foreign currencies who normally sell these to middlemen, who in turn sell to users can offer these currencies directly to the bank without the need for middlemen operations. Because the commercial banks will now have foreign currencies to sell, this will constitute a pool of funds available to the importers of raw materials, spare parts and capital equipment, which is outside of the resources of the Bank of Jamaica and therefore will require no licenses to be used. However, to insure that the available foreign exchange is not allocated by the banks to preferred clients only, leaving smaller or less influential clients without an equitable share, every importer will receive a quota of foreign exchange which represents the maximum amount which that importer can get from all sources for the year. These quotas have been assessed for each importer and will be allocated very shortly. The quota will insure that no [passage indistinct]. Allow me to outline.

[Words indistinct] that the banks should be in a position to purchase any foreign exchange which is honored without question asked. Certain deposits which normally would go to the Bank of Jamaica through individuals or business firms would now logically go to the commercial banks. To compensate for this, the Bank of Jamaica will no longer make payment for certain services or imports. These will be paid from the foreign currencies and by the commercial banks at the parallel market rate.

Among categories no longer to be paid from the Bank of Jamaica fund are: imports financed by the Jamaica Import Finance Insurance Corporation; some raw materials for domestic manufacture, including lumber and other substructure materials, except those financed through the industrial rehabilitantion program of the Inter-American Development Bank; [words indistinct].

The Bank of Jamaica [words indistinct] will be responsible only for payment of basic goods and services and essential items. These will include: Flour, rice, corned beef, corn meal, [word indistinct], salt fish, milk powder, baby food, sardines, and other basic foods; imports required for the production of cooking oil, detergents and soaps; drugs; [word indistinct]; fuel; government imports; imports of food and beverages for the tourist sector; agriculture materials, including tools, fertilizers, pesticides; public and private (?debt) payments; including airline remittances and educational allowances.

All these payments will continue to be at the official rate of exchange of $1.78 Jamaican for $1 U.S. and will therefore not experience any increase in cost. However, it is likely that other imports and services purchased through the parallel market will experience increased costs, depending on the rate paid for the foreign exchange purchased from commercial banks and on the extent to which parallel market funds are already being used in financing these transactions.

As many of you know, a considerable portion of the imports from various sectors are already being paid for from foreign exchange [passage indistinct] are not among the essential goods, but none the less could cover a range of products which are in common use, including consumer goods from Caricom and elsewhere. Payment for items imported at the official rate prior to the introduction of these new regulations will be allowed at the official rate.

[Word indistinct] now the system will provide a source of funds for the manufacturing sector to liberate it from the constraints of the licensing system and allow for a more rapid expansion of production and jobs. There is still the need to devise [word indistinct] incentives to insure that more production is export oriented, plus increase the earnings of foreign exchange by the manufacturing sector.

To this end, we have taken such decisions which I will now enumerate as incentives for genuine exporters.

First: Exporters will not have to go on the quota system. They will be exempt from any limitations on the import of raw materials, spare parts and capital goods.

Second: Exporters to countries other than Caricon will be allowed to keep 50 percent of their export earnings as additional funds to import further raw materials, spare parts and capital goods or, alternatively, to sell these funds to any other users for the same purpose.

Third: All exporters will continue to have full access to the export development fund to purchase raw materials and capital goods at the official rate of exchange through the Bank of Jamaica of $1.78 Jamaican for $1 U.S. This will insure that the cost of raw materials for production of goods for export remains at the same rate and therefore maintains competitiveness.

These incentives all offer decided advantages to manufacturers who produce for export and again for those who produce only for the domestic market. [passage indistinct]

Hence the new arrangement which I announced earlier tonight to regulate (?the flow) of the tourist dollar and to insure that more of it goes to the Bank of Jamaica [words indistinct]. Hence the [words indistinct] manufacturing sector to increase production and foreign exchange. Hence the extension of agricultural production with a wide range of new crops which are only briefly outlined tonight and about which I will have much more to say at a later date.

The message is clear as crystal. Each and every area of [word indistinct] in foreign exchange earnings will be dramatically increased or we will be swallowed by the world (?recession). More countries in the world today are adjusting to the recession by painful processes, but we must never ever forget that Jamaica has already had the most serious recession in its history in the (?1950s) when all our foreign exchange reserves were wiped out and we built up [word indistinct]; when we developed galloping inflation and saw an obvious and real depreciation in the quality of life in this country.

There is much talk about servicing our debt, but we must never ever forget that $801 million or approximately 50 percent -- equal to half of our total cash earnings from exports and tourism in this fiscal year (?1983) -- must also be paid as principal and paid in interest on money borrowed by the previous regime.

And now while the rest of the world is going into recession, we must make our way out of the worst recession ever. So we cannot afford a further period of distress of that magnitude. We must therefore make adjustments now in order to keep expenditure down so that our money can stretch as far as possible and be used to do things that will earn us more.

We are therefore going to be holding expenditure for both the domestic and foreign exchange budgets as tight as possible, with little, if any, increases. We will maintain these budget ceilings pegged as close as possible to the 1982-83 levels for all future expenditures until the recession is at an end. If we can maintain a tight grip on expenditures while boosting earnings, we can expect to continue our economic recovery with growth and new employment as has been the case in the first and second years of our recovery program.

This will require the support and cooperation of all Jamaicans. For it is going to mean some sacrifices of immediate benefits in order to achieve future gains. Things that are deserved may have to be deferred. And things that are expected may have to be postponed for a while longer. The truth is that we in Jamaica, so far, have managed by our policies to walk between the raindrops, sheltered from the storm raging around us. We cannot expect to continue much longer without getting wet. And we must plan and work to keep on sitting on safe ground, if we are not to slip into the flood-waters which are sinking other countries of the world.

In our own recovery efforts we have been assisted by a number of friendly nations through whatever difficulties and (?have) helped us to withstand the worst consequences of our shattered economy. But these friendly countries are themselves now involved in the recession. They see increasing unemployment, industrial stagnation, mounting deficits and declining trade. In order to [passage indistinct] in the results of the efforts made by Jamaicans over the past 2 years to rebuild the country. I say this (?aware) of the fact that there are those who out of ignorance or malice use their chance to belittle these efforts of all of us. I suppose we have in many ways competed for their efforts. And there are others who keep calling for more as if it were there to summon by lifting their magic wands. And as if it [words indistinct] achievement in today's world of gigantic failures and losses. They commit themselves to a paradise of fools by their own choice.

The great majority of us must live in the real world and must continue relentlessly to build, step by measured step, against that reality. I consider 1983 to be a year of great challenge to us as a people and as a nation. I consider that the same spirit of defiance with which we summon the courage to defeat much greater flesh, will once again ensure that by determination we put ourselves on a proper footing to face our future. No one can face our future for us. We make it what we want and we alone can do so.

If the 21st anniversary of our nation means anything, it must mean that we have come of age in the realization that if we want Jamaica to work for us, we must work for Jamaica. I thank you.

BRIEFS

JAMAICAN EXPORTS -- Kingston, Jamaica, Jan 1, CANA -- Jamaica earned 325 million dollars (one Jca dollar: 56 cents U.S.) from its non-traditional exports during 1982, a 15 per cent rise on the previous year, the minister responsible for foreign trade, Hugh Shearer, has announced. Mr Shearer said that the earnings from the non-traditional sector was originally targetted at 310 million dollars. Caribbean Community (Caricom) countries provided 145 million dollars or 45 per cent of the 1982 earnings from the sector. Sales to the region in 1982 increased by 18 per cent. On a whole, Caricom takes about 11 per cent of all Jamaica's exports and 75 percent of manufactured items and Mr Shearer noted that jobs which depended on that market "can be counted in the tens of thousands." [Excerpt] [Bridgetown CANA in English 1830 GMT 1 Jan 83 FL]

INTER-AMERICAN AFFAIRS

AREA FOREIGN MINISTERS TO MEET IN PANAMA 7-8 JAN

PA052233 Panama City ACAN in Spanish 2211 GMT 5 Jan 83

[Text] Panama City, 5 Jan (ACAN-EFE) -- The foreign ministers of Mexico, Bernardo Sepulveda Amor; Venezuela, Jose Alberto Zambrano; Colombia, Rodrigo Lloreda Caicedo; and Panama, Juan Jose Amado, will meet on 7-8 January on Contadora Island, off the Panamanian Pacific coast. They will discuss the Central American situation, especially the meeting of the bloc of Latin American countries that are members of the Nonaligned Movement, which will begin on 10 January in Nicaragua.

The foreign ministers of the four countries will also analyze the Mexican-Venezuelan peace initiative for Central America and the possibility of holding an effective conference of hemispheric foreign ministers.

The foreign ministers will have a working lunch with Panamanian President Ricardo de la Espriella and Vice President Jorge Illueca.

BOLIVIA

COB LEADER DENOUNCES PARAMILITARY PLOTTING

FY060222 La Paz Cadena Panamericana in Spanish 0000 GMT 6 Jan 83

[Text] The Bolivian Labor Federation [COB], the top workers' organization, has denounced the existence of plots to obstruct the democratic process, which was resumed on 10 October 1982. This information was disclosed by Oscar Sanjines Rodriguez, secretary general of the COB, who stated that this labor organization will not allow those who were recently displaced from power to once again disrupt the citizens freedoms.

The workers' leader and member of the Popular and Democratic Unity [UDP], in referring to this issue, made the following statement: [Begin Sanjines recording] Although it seems unreal and almost crazy we have received reports that plots are underway. We have established a commission that will be in charge of verifying the truth and authenticity of those charges because the COB is a responsible organization; therefore, it must make serious statements based on facts. [end recording]

In answering questions posed by journalists who cover the labor sector, Oscar Sanjines stated that the COB's executive board has received information from its affiliated organizations that the so-called paramilitary elements are allegedly engaged in obviously subversive activities against the stability of the constitutional government of the UDP.

[Begin recording] [Sanjines] The railway workers, who belong to our organization, have let us know that paramilitary elements are (?openly) operating between La Quiaca and Villazon. The mayor of the city of Cochabamba has disclosed that paramilitary elements also meet in the park of that city where they cheer, [words indistinct], well, all those sort of things. And of course we must be alert in order to ask the government, which has all the tools to spot them and break them up, to take action.

[Question] Why has the government been so slack in dismantling these organizations that are operating illegally in the country?

[Answer] There are many reasons. I would like to think that it is because of a lack of coherence within the government itself. We hope that they will be able to overcome all these problems for the well-being of the country so that this process may be consolidated and Bolivians may be able to enjoy a year of progress and achievement. Freedom is not sufficient, we wish to overcome the economic crisis so that the homes of our dear fatherland, especially those of the workers, may have the basic necessities and will not go hungry. [end recording]

DOMINICAN REPUBLIC

HAITIAN EXILE TELLS OF TERRORIST, COUP PLANS

FL052130 Bridgetown CANA in English 2112 GMT 5 Jan 83

[Text] Santo Domingo, Dominican Republic, Jan 5, CANA-REUTER -- A Haitian exile arrested last week for attempting to smuggle arms into the Dominican Republic said today he was the leader of a plot aimed at toppling Haitian President-for-Life Jean-Claude Duvalier, police said.

Hilertaut Dominique told reporters he planned to unleash "terrorist" activity in Haiti starting from January 1. The guerrilla operations would then bring about the downfall of President Duvalier, he added.

Mr Dominique was detained on his arrival in the Dominican Republic on December 27, with a consignment of eight Israeli-made Uzi sub-machineguns, four U.S.-made M-16 automatic rifles, 11 pistols and five smaller rifles, all of which he tried to pass off as Christmas presents.

He said he planned to smuggle the weapons across the border to Haiti which shares the island of Hispaniola with the Dominican Republic. He said he depended on at least eight Dominicans to begin the first wave of attacks scheduled for New Year's Day.

When asked if he was connected with a bomb explosion which ripped through a car and killed three people in front of the Haitian Presidential Palace on New Year's Day he said his plan involved a wave of various "terrorist acts" and not isolated incidents. But he neither denied nor confirmed a tie to the bombing which the Haitian Government has blamed on a Miami-based guerrilla organization called the Hector Rio Group.

Dominican police said they were still looking for the best of Dominique's accomplices.

Last September a small band of Haitian exiles were routed in trying to invade their homeland from an offshore island. Last September the Dominican Republic increased its border and coastal patrols to guard against exiles trying to invade Haiti from Dominican soil.

ECUADOR

DEFENSE, FOREIGN MINISTERS ON BORDER SITUATION

PA052142 Quito Voz de los Andes in Spanish 1130 GMT 5 Jan 83

[Text] National Defense Minister Gen ret, Jorge Maldonado has said that the Ecuadorean Armed Forces are performing their duties normally and loyally in the homeland's border areas. He therefore rejected reports of an alleged mobilization of troops in the so-called El Condor mountains.

[Begin Maldonado recording] We are concerned and of course we will investigate, but we believe that this is just speculation. Talk of an interrational report on the Ecuadorean Armed Forces is completely untrue. Our forces are quiet and loyal. They are doing their duty. There is no reason for alarm. We are investigating this matter. [end recording]

Foreign Minister Luis Valencia Rodriguez made the following statement: [Begin Valencia recording] We must reiterate what has already been said: There is complete calm in the obrder area. I know of no troop movements in that region. Perhaps this information, which comes from Lima, is just rumors, as often happens in cases like this. Rumors like these aggravate the situation between the two countries. [end recording]

GUYANA

MINISTER RESIGNS FROM CABINET, PARLIAMENT

FL052100 Bridgetown CANA in English 1855 GMT 5 Jan 83

[Text] Georgetown, Guyana, Jan 5, CANA -- Minister i.. the Ministry of Agriculture, Jean Maitland Singh, has resigned, the GUYANA NEWS AGENCY (GNA) reported today. "She has also resigned as a member of parliament with effect from December 29 last year," the agency said. The GNA said it was not clear whether Mrs Singh, her husband and their three children had taken up residence abroad.

MEXICO

FOREIGN SECRETARY WON'T ATTEND NONALIGNED MEETING

FL052300 Mexico City NOTIMEX in Spanish 2047 GMT 5 Jan 83

[Excerpt] Mexico City, 5 Jan (NOTIMEX) -- Bernardo Sepulveda Amor, secretary of foreign relations, declined an invitation by the Nonaligned Movement's Coordinating Bureau to participate in its meeting in Managua, the Foreign Secretariat has announced.

However, Sepulveda Amor will travel to Contadora Island, Panama, this weekend where he will hold talks with Panamanian Foreign Minister Juan Jose Amado, Colombian Foreign Minister Rodrigo Lloreda Caicedo and Venezuelan Foreign Minister Jose Alberto Zambrano Velasco regarding the situation in Central America, the secretariat explained.

PAPER ON PURPOSE OF PAZ BARNICA VISIT

PA051827 Havana International Service in Spanish 0000 GMT 5 Jan 83

[Text] The UNO MAS UNO newspaper affirms that Honduran Foreign Minister Edgardo Paz Barnica's announced visit to Mexico and Venezuela later this month is for the purpose of trying to convince the Mexican and Venezuelan Governments to join the so-called Forum for Peace and Democracy promoted by the United States and Honduras against Nicaragua. The paper's editorial notes that the U.S.-Honduran alliance's so-called Forum for Peace and Democracy is a response to the Mexican-Venezuelan proposal for achieving a peaceful solution to the conflict between Honduras and Nicaragua while avoiding interference in their internal affairs.

Another influential Mexican paper, EXCELSIOR, points out that instead of promoting violence in Central America the United States should offer technology to combat the true enemy of Latin America: hunger.

PARAGUAY

POLITICAL PRISONERS GO ON HUNGER STRIKE

PY0514l5 Asuncion ABC COLOR in Spanish 5 Jan 83 p 12

[Text] The National Commission for the Defense of Human Rights has reported that it has received a letter from political prisoners in the national penitentiary informing it that they started a hunger strike on 25 December to obtain their release.

According to information that the relatives of the detainees have given the commission, one of the detainees, Herminio Ramirez, began his hunger strike on 20 December and is now presumably very weak.

Following are the names of the rest of the detainees who are on a hunger strike: Alfredo Gonzalez, Carlos A. Gonzalez, Eulalio Gonzalez, Gerardo Gonzalez, Ignacio Lopez, Feliciano Rolon, Jose Gimenez, Pascual Ojeda, Eduardo Ojeda, Sever Jimenez, Vicente Amarilla, Jose Escobar, Roque Ruiz Diaz and Antonio Gonzalez Arce.

A paragraph in the letter that the detainees sent to the commission states: "We have started a hunger strike in order to obtain our release. We arrived at this decision after having exhausted all legal measures and after tiring of promises of a quick release. We are convinced that the authorities are not going to release us out of good will. This is why we have decided to fight to obtain our freedom. We are doing so for the love of our families, who had to spend an unhappy Christmas and new year."